

LEGISLATURE OF NEBRASKA

NINETY-NINTH LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 1118**

Introduced by Heidemann, 1

Read first time January 17, 2006

Committee: Education

A BILL

1 FOR AN ACT relating to the Tax Equity and Educational Opportunities  
2 Support Act; to amend section 79-1007.02, Revised  
3 Statutes Supplement, 2005; to change provisions relating  
4 to the sparse cost grouping; and to repeal the original  
5 section.  
6 Be it enacted by the people of the State of Nebraska,

1                   Section 1. Section 79-1007.02, Revised Statutes  
2 Supplement, 2005, is amended to read:

3                   79-1007.02 For state aid calculated for school fiscal  
4 year 1998-99 and each school fiscal year thereafter:

5                   (1) Using data from the annual financial reports for the  
6 second school fiscal year immediately preceding the school fiscal  
7 year in which aid is to be paid, the annual statistical summary  
8 reports for the school fiscal year immediately preceding the school  
9 fiscal year in which aid is to be paid, the fall membership reports  
10 and supplements thereto for the school fiscal year immediately  
11 preceding the school fiscal year in which aid is to be paid,  
12 and the school district census as reported under sections 79-524  
13 and 79-578 for the second school fiscal year preceding the school  
14 fiscal year in which aid is to be paid, the department shall  
15 divide the local systems into three cost groupings prior to the  
16 certification of state aid based upon the following criteria:

17                   (a) The very sparse cost grouping will consist of local  
18 systems that have (i) (A) less than one-half student per square  
19 mile in each county in which each high school attendance center  
20 is located, based on the school district census, (B) less than  
21 one formula student per square mile in the local system, and (C)  
22 more than fifteen miles between the high school attendance center  
23 and the next closest high school attendance center on paved roads  
24 or (ii) (A) more than four hundred fifty square miles in the local  
25 system, (B) less than one-half student per square mile in the local

1 system, and (C) more than fifteen miles between each high school  
2 attendance center and the next closest high school attendance  
3 center on paved roads;

4 (b) The sparse cost grouping will consist of local  
5 systems that do not qualify for the very sparse cost grouping but  
6 which meet the following criteria:

7 (i) (A) Less than two students per square mile in the  
8 county in which each high school is located, based on the school  
9 district census, (B) less than one formula student per square mile  
10 in the local system, and (C) more than ten miles between each  
11 high school attendance center and the next closest high school  
12 attendance center on paved roads;

13 (ii) (A) Less than one and one-half formula students per  
14 square mile in the local system and (B) more than fifteen miles  
15 between each high school attendance center and the next closest  
16 high school attendance center on paved roads;

17 (iii) (A) Less than one and one-half formula students per  
18 square mile in the local system and (B) more than two hundred  
19 seventy-five square miles in the local system; ~~or~~

20 (iv) (A) Less than two formula students per square mile in  
21 the local system and (B) the local system includes an area equal  
22 to ninety-five percent or more of the square miles in the largest  
23 county in which a high school attendance center is located in the  
24 local system;

25 (v) For school fiscal year 2006-07 and each school fiscal

1 year thereafter, (A) an average daily membership of less than two  
2 hundred fifty students and (B) a total taxable valuation of taxable  
3 property in the district of seven hundred fifty thousand dollars or  
4 less per student in the average daily membership; and

5 (c) The standard cost grouping will consist of local  
6 systems that do not qualify for the very sparse or the sparse cost  
7 groupings.

8 For purposes of subdivision (1) of this section, if a  
9 local system did not operate and offer instruction in grades nine  
10 through twelve within the boundaries of the local system during the  
11 school fiscal year immediately preceding the school fiscal year in  
12 which aid is to be paid, the local system shall not be considered  
13 to have a high school attendance center;

14 (2) (a) The department shall calculate the average formula  
15 cost per student in each cost grouping by dividing the total  
16 estimated general fund operating expenditures for the cost grouping  
17 by the difference between the total adjusted formula students for  
18 all local systems in the cost grouping minus (i) the adjusted  
19 formula students attributed to early childhood education programs  
20 approved by the department pursuant to section 79-1103 for the  
21 first two school fiscal years for which students attributed to  
22 early childhood education programs approved by the department  
23 pursuant to section 79-1103 are being included in the calculation  
24 of state aid for the local system and (ii) for the first two  
25 school fiscal years immediately following the school fiscal year in

1    which a district in the local system received an expansion grant  
2    pursuant to section 79-1103, the difference between the adjusted  
3    formula students attributed to early childhood education programs  
4    approved by the department pursuant to section 79-1103 for the  
5    school fiscal year immediately following the school fiscal year in  
6    which a district in the local system received an expansion grant  
7    minus the adjusted formula students attributed to early childhood  
8    education programs approved by the department pursuant to section  
9    79-1103 for the school fiscal year in which a district in the  
10   local system received an expansion grant. For the calculation of  
11   state aid for school fiscal year 1999-00 and for each school fiscal  
12   year thereafter, the average formula cost per student in each cost  
13   grouping shall not be recalculated for the final calculation of  
14   state aid pursuant to section 79-1065. The calculation of total  
15   adjusted formula students for purposes of this subdivision shall  
16   take into account the requirements of subsection (2) of section  
17   79-1007.01. The total estimated general fund operating expenditures  
18   for the cost grouping is equal to the total adjusted general fund  
19   operating expenditures for all local systems in the cost grouping  
20   multiplied by a cost growth factor.

21           (b) The cost growth factor for each cost grouping is  
22   equal to the sum of: (i) One; plus (ii) the product of two  
23   times the ratio of the difference between the formula students  
24   attributable to the cost grouping without weighting or adjustment  
25   pursuant to section 79-1007.01 and the sum of the average

1 daily membership plus tuitioned students attributable to the cost  
2 grouping for the most recently available complete data year divided  
3 by the sum of the average daily membership plus tuitioned students  
4 attributable to the cost grouping for the most recently available  
5 complete data year, except that the ratio shall not be less than  
6 zero; plus (iii) the basic allowable growth rate pursuant to  
7 section 79-1025 for the school fiscal year in which the aid is to  
8 be distributed; plus (iv) the basic allowable growth rate pursuant  
9 to section 79-1025 for the school fiscal year immediately preceding  
10 the school fiscal year in which the aid is to be distributed;  
11 plus (v) one-half of any additional growth rate allowed by special  
12 action of school boards for the school fiscal year in which the  
13 aid is to be distributed as determined for the school fiscal  
14 year immediately preceding the school fiscal year when aid is to  
15 be distributed; plus (vi) one-half of any additional growth rate  
16 allowed by special action of the school boards for the school  
17 fiscal year immediately preceding the school fiscal year when the  
18 aid is to be distributed;

19 (3) For all school fiscal years except school fiscal  
20 years 2002-03 through 2007-08, each local system's formula need  
21 will be equal to the local system's transportation allowance plus  
22 the local system's special receipts allowance plus the product  
23 of the local system's adjusted formula students multiplied by the  
24 average formula cost per student in the local system's cost  
25 grouping. The calculation of total adjusted formula students

1 for purposes of this subdivision shall take into account the  
2 requirements of subsection (2) of section 79-1007.01; and

3 (4) For school fiscal years 2002-03 through 2007-08, each  
4 local system's formula need shall be calculated by subtracting  
5 the temporary aid adjustment factor from the sum of the local  
6 system's transportation allowance, the local system's special  
7 receipts allowance, and the product of the local system's adjusted  
8 formula students multiplied by the average formula cost per student  
9 in the local system's cost grouping. The calculation of total  
10 adjusted formula students for purposes of this subdivision shall  
11 take into account the requirements of subsection (2) of section  
12 79-1007.01.

13 Sec. 2. Original section 79-1007.02, Revised Statutes  
14 Supplement, 2005, is repealed.